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Sections

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Income-tax

Law and Judicial Department

Notification

LD/N/21/68

The Finance Act, 1968 which was recently passed by the Parliament and assented to by the President of India on 11-5-1968, is hereby reproduced below for general information of the public.

V. R. Vaze, Under Secretary.

Panaji, 13th June, 1968.

THE FINANCE ACT, 1968

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The Finance Act, 1968

AN

ACT

to give effect to the financial proposals of the Central Government for the financial year 1968-69

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:—

CHAPTER I

Preliminary

1. **Short title and commencement.**— (1) This Act may be called the Finance Act, 1968.

(2) Save as otherwise provided in this Act, section 2 to 33 shall be deemed to have come into force on the 1st day of April, 1968.

CHAPTER II

Rates of Income-tax and annuity Deposit

2. **Income-tax.**— (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1968, income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge for purposes of the Union calculated in either case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1968, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the income-tax

31 of 1956.

payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(3) In cases to which Chapter XII of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule.

(6) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1968, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "earned income" and "unearned income" shall have the meanings respectively assigned to them in clause (c) and clause (f) of sub-section (7) of section 2 of the Finance (No. 2) Act, 1967;

20 of 1967.

(d) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in

the manufacture or processing of goods or in mining.

Explanation. — For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity of any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act is not less than fifty-one per cent. of such total income;

(e) "tax free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(f) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

3. Annuity deposit. — (1) Save as otherwise provided in Chapter XXIIA of the Income-tax Act, annuity deposit for the assessment year commencing on the 1st day of April, 1968 shall be made by every person to whom the provisions of that Chapter apply, at the rate or rates specified in the Second Schedule.

(2) For the purposes of this section and the Second Schedule, the expressions "adjusted total income", "annuity deposit" and "depositor" have the meanings respectively assigned to them under clauses (1), (5) and (6) of section 280B of the Income-tax Act.

CHAPTER III

Income-tax

4. Amendment of section 2. — In section 2 of the Income-tax Act, in sub-clause (i) of clause (37A), after the word "Salaries", the words, brackets, figures and letter "or sub-section (9) of section 80E from any payment referred to therein" shall be inserted.

5. Insertion of new sections 35B and 35C. — After section 35A of the Income-tax Act, the following sections shall be inserted, namely: —

35B. Export markets development allowance. —

(1) (a) Where an assessee, being a domestic company or a person (other than a company) who is resident in India, has incurred after the 29th day of February, 1968, whether directly or in association with any other person, any expenditure (not being in the nature of capital expenditure or personal expenses of the assessee) referred to in clause (b), he shall, subject to the provisions of this section, be allowed a deduction of a sum equal to one and one-third times the amount of such expenditure incurred during the previous year.

(b) The expenditure referred to in clause (a) is that incurred wholly and exclusively on —

(i) advertisement or publicity outside India in respect of the goods, services or facilities

which the assessee deals in or provides in the course of his business;

(ii) obtaining information regarding markets outside India for such goods, services or facilities;

(iii) distribution, supply or provision outside India of such goods, services or facilities;

(iv) maintenance outside India of a branch, office or agency for the promotion of the sale outside India of such goods, services or facilities;

(v) preparation and submission of tenders for the supply or provision outside India of such goods, services or facilities, and activities incidental thereto;

(vi) furnishing to a person outside India samples or technical information for the promotion of the sale of such goods, services or facilities;

(vii) travelling outside India for the promotion of the sale outside India of such goods, services or facilities, including travelling outward from, and return to, India;

(viii) performance of services outside India in connection with, or incidental to, the execution of any contract for the supply outside India of such goods, services or facilities;

(ix) such other activities for the promotion of the sale outside India of such goods, services or facilities as may be prescribed.

Explanation. — In this section, "domestic company" shall have the meaning assigned to it in clause (2) of section 80B.

(2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

35C. Agricultural development allowance. —

(1) (a) Where any company is engaged in the manufacture or processing of any article or thing which is made from, or uses in such manufacture or processing as raw material, any product of agriculture, animal husbandry, or dairy or poultry farming, and has incurred, after the 29th day of February, 1968, whether directly or through an association or body which has been approved for the purposes of this section by the prescribed authority, any expenditure in the provision of any goods, services or facilities specified in clause (b) to a person [not being a person referred to in clause (b) of sub-section (2) of section 40A] who is a cultivator, grower or producer of such product in India, the company shall, subject to the provisions of this section, be allowed a deduction of a sum equal to one and one-fifth times the amount of such expenditure incurred during the previous year.

(b) The goods, services or facilities referred to in clause (a) are the following: —

(i) fertilisers, seeds, pesticides, concentrates for cattle and poultry feed, tools or implements, for use by such cultivator, grower or producer;

(ii) dissemination of information on, or demonstration of, modern techniques or methods of agriculture, animal husbandry, or dairy or

poultry farming, or advice on such techniques or methods;

(iii) such other goods, services or facilities as may be prescribed.

Explanation.— In computing the expenditure with reference to which deduction under this section is to be allowed, the amount, if any, received by the company in consideration of, or as compensation for, such goods, services or facilities shall be deducted.

(2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure of the nature specified in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

6. Amendment of section 37.— In section 37 of the Income-Tax Act, after sub-section (2A), the following *Explanation* shall be inserted, namely:—

Explanation.— For the purposes of this sub-section, "entertainment expenditure" includes—

(i) the amount of any allowance in the nature of entertainment allowance paid by the assessee to any employee or other person after the 29th day of February, 1968;

(ii) the amount of any expenditure in the nature of entertainment expenditure [not being expenditure incurred out of an allowance of the nature referred to in clause (i)] incurred after the 29th day of February, 1968 for the purposes of the business or profession of the assessee by any employee or other person.

7. Insertion of new section 40A.— After section 40 of the Income-tax Act, the following section shall be inserted, namely:—

40A. Expenses or payments not deductible in certain circumstances.— (1) The provisions of this section shall have effect notwithstanding anything to the contrary contained in any other provision of this Act relating to the computation of income under the head "Profits and gains of business or profession".

(2) (a) Where the assessee incurs any expenditure in respect of which payment has been or is to be made to any person referred to in clause (b) of this sub-section, and the Income-tax Officer is of opinion that such expenditure is excessive or unreasonable having regard to the fair market value of the goods, services or facilities for which the payment is made or the legitimate needs of the business or profession of the assessee or the benefit derived by or accruing to him therefrom, so much of the expenditure as is so considered by him to be excessive or unreasonable shall not be allowed as a deduction:

Provided that the provisions of this section shall not apply in the case of an assessee being a company in respect of any expenditure to which sub-clause (i) of clause (c) of section 40 applies.

(b) The persons referred to in clause (a) are the following, namely:—

(i) where the assessee is an individual any relative of the assessee;

(ii) where the assessee is a company, firm, association of persons or Hindu undivided family

any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;

(iii) any individual who has a substantial interest in the business or profession of the assessee, or any relative of such individual;

(iv) a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member;

(v) a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the assessee or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;

(vi) any person who carries on a business or profession,—

(A) where the assessee being an individual, or any relative of such assessee, has a substantial interest in the business or profession of that person; or

(B) where the assessee being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person.

Explanation.— For the purposes of this sub-section, a person shall be deemed to have a substantial interest in a business or profession, if,—

(a) in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) carrying not less than twenty per cent of the voting power; and

(b) in any other case, such person is, at any time during the previous year, beneficially entitled to not less than twenty per cent. of the profits of such business or profession.

(3) Where the assessee incurs any expenditure in respect of which payment is made, after such date (not being later than the 31st day of March, 1969) as may be specified in this behalf by the Central Government by notification in the Official Gazette, in a sum exceeding two thousand five hundred rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, such expenditure shall not be allowed as a deduction:

Provided that where an allowance has been made in the assessment for any year not being an assess-

ment year commencing prior to the 1st day of April, 1969 in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year the assessee makes any payment in respect thereof in a sum exceeding two thousand five hundred rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, the allowance originally made shall be deemed to have been wrongly made and the Income-tax Officer may recompute the total income of the assessee for the previous year in which such liability was incurred and make the necessary amendment, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the assessment year next following the previous year in which the payment was so made:

Provided further that no disallowance under this sub-section shall be made where any payment in a sum exceeding two thousand five hundred rupees is made otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.

8. Amendment of section 58.—Section 58 of the Income-tax Act shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely:—

“(2) The provisions of section 40A shall, so far as may be, apply in computing the income chargeable under the head “Income from other sources” as they apply in computing the income chargeable under the head “Profits and gains of business or profession”.

9. Amendment of section 80K.—In section 80K of the Income-tax Act, for the words “being the holder of any share or shares in a company, includes any income by way of dividends paid or deemed to have been paid to him”, the words “being the owner of any share or shares in a company, includes any income by way of dividends paid or deemed to have been paid” shall be substituted.

10. Amendment of section 80M.—In section 80M of the Income-tax Act, in sub-section (1), the words “received by it”, wherever they occur, shall be omitted.

11. Insertion of new section 141A.—After section 141 of the Income-tax Act, the following section shall be inserted, namely:—

“141A. **Provisional assessments for refund.**—

(1) Where a return has been furnished under section 139 and the assessee claims that the tax paid or deemed to have been paid under the provisions of Chapter XVII-B or Chapter XVII-C exceeds the tax payable on the basis of the return and the accounts and documents accompanying it, the Income-tax Officer may, if he is of opinion that the regular assessment of the assessee is likely to be delayed, proceed to make, in a summary manner, a provisional assessment of the sum refundable to

the assessee, on the basis of such return, accounts and documents.

(2) In making any assessment under this section due effect shall be given to—

(a) the allowance referred to in sub-section (2) of section 32; and

(b) any loss carried forward under sub-section (1) of section 72 or sub-section (2) of section 73 or sub-section (1) of section 74.

(3) A firm may be assessed under sub-section (1) as an unregistered firm, except in the following cases, where it shall be assessed as a registered firm—

(a) where the firm was assessed as a registered firm for the latest assessment year for which its assessment has been completed, and it has before the expiry of the period laid down in Chapter XVI-B filed its application for registration or declaration under sub-section (7) of section 184 for the assessment year for which the provisional assessment is to be made;

(b) where no regular assessment has been made on the firm for any assessment year preceding the assessment year for which the provisional assessment is to be made, and the firm has, before the expiry of the period laid down in Chapter XVI-B filed its application for registration, or declaration as aforesaid, for the assessment year for which the provisional assessment is to be made.

(4) After a regular assessment has been made, any amount refunded on provisional assessment made under sub-section (1) shall be dealt with in the manner specified hereunder, namely:—

(a) where the sum refundable in regular assessment is equal to or exceeds the amount refunded under sub-section (1), the amount so refunded shall be deemed to have been refunded towards the regular assessment;

(b) where no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly.

(5) Nothing done or suffered by reason or in consequence of any provisional assessment made under this section shall prejudice the determination, on the merits, of any issue which may arise in the course of the regular assessment.

(6) There shall be no right of appeal against a provisional assessment made under sub-section (1).

12. Amendment of section 153.—In section 153 of the Income-tax Act, in sub-section (1), for clause (a), the following clause shall be substituted, namely:—

“(a) the expiry of—

(i) four years from the end of the assessment year in which the income was first assessable, where such assessment year is an assessment year commencing on or before the 1st day of April, 1967;

(ii) three years from the end of the assessment year in which the income was first assessable, where such assessment year is the assessment year commencing on the 1st day of April, 1968;

(iii) two years from the end of the assessment year in which the income was first assessable, where such assessment year is an assessment year commencing on or after the 1st day of April, 1969; or".

13. Amendment of section 192.—In section 192 of the Income-tax Act, in sub-section (1), for the words "rates of tax in force", the words "rates in force" shall be substituted.

14. Amendment of section 194A.—In section 194A of the Income-tax Act,—

(a) in sub-section (2), for the words "be signed in the presence of a Gazetted Officer of the Central or a State Government and bear an attestation by such Officer to the effect that the person who has signed the statement is known to him", the following shall be substituted, namely:—

"be signed in the presence of—

(a) a Member of Parliament or a State Legislature; or

(b) a member of a District Council or a Metropolitan Council, a Municipal Corporation or Municipal Committee; or

(c) a Gazetted Officer of the Central or a State Government; or

(d) an officer of any banking company (including a co-operative bank) of the rank of sub-agent, agent or manager,

and bear an attestation by such member or officer to the effect that the person who has signed the statement is known to him.";

(b) in sub-section (3),—

(i) in sub-clause (f) of clause (iii), after the words "institution, association or body", the words "or class of institutions, associations or bodies" shall be inserted;

(ii) after clause (iii), the following clauses shall be inserted, namely:—

"(iv) to such income credited or paid by a firm to a partner of the firm;

(v) to such income credited or paid by a co-operative society to any other co-operative society."

15. Amendment of section 199.—In section 199 of the Income-tax Act,—

(a) after the words "in the assessment", the brackets, words, figures and letter "(including a provisional assessment under section 141A)" shall be inserted;

(b) for the existing provisos, the following provisos shall be, and shall be deemed always to have been, substituted, namely:—

"Provided that—

(i) in a case where such person or owner or shareholder is a person whose income is included under the provisions of section 60, section 61, section 64, section 93 or section 94

in the total income of another person, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, such other person;

(ii) in any other case, where the dividend on any share is assessable as the income of a person other than the shareholder, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, such other person in such circumstances as may be prescribed:

Provided further that where any security or share in a company is owned jointly by two or more persons not constituting a partnership, the payment shall be deemed to have been made on behalf of, and the credit shall be given to, each such person in the same proportion in which the interest on such security or dividend on such share is assessable as his income".

16. Amendment of section 214.—In section 214 of the Income-tax Act,—

(i) to sub-section (1), the following proviso shall be added, namely:—

"Provided that in respect of any amount refunded on a provisional assessment under section 141A, no interest shall be paid for any period after the date of such provisional assessment";

(ii) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Where on completion of the regular assessment the amount on which interest was paid under sub-section (1) has been reduced, the interest shall be reduced accordingly and the excess, if any, paid shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly."

17. Amendment of section 219.—To section 219 of the Income-tax Act, the following proviso shall be added, namely:—

"Provided that where, before the completion of the regular assessment, a provisional assessment is made under section 141A, the credit shall be given also in such provisional assessment."

18. Amendment of section 239.—In section 239 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) No such claim shall be allowed, unless it is made within the period specified hereunder, namely:—

(a) where the claim is in respect of income which is assessable for any assessment year commencing on or before the 1st day of April, 1967, four years from the last day of such assessment year;

(b) where the claim is in respect of income which is assessable for the assessment year commencing on the 1st day of April, 1968, three years from the last day of the assessment year;

(c) where the claim is in respect of income which is assessable for any other assessment year, two years from the last day of such assessment year".

19. Amendment of section 271.—In section 271 of the Income-tax Act, in sub-section (1), for clause (iii), the following clause shall be substituted, namely:—

“(iii) in the cases referred to in clause (c), in addition to any tax payable by him, a sum which shall not be less than, but which shall not exceed twice, the amount of the income in respect of which the particulars have been concealed or inaccurate particulars have been furnished.”.

20. Amendment of section 276.—In section 276 of the Income-tax Act, in clause (d), the words, figures and letter “by the provisions of Chapter XVII-B or” shall be omitted.

21. Insertion of new section 276B.—After section 276A of the Income-tax Act, the following section shall be inserted, namely:—

“276B. Failure to deduct and pay tax.—If a person, without reasonable cause or excuse, fails to deduct or after deducting fails to pay the tax as required by or under the provisions of sub-section (9) of section 80E or Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which may extend to six months, and shall also be liable to fine which shall be not less than a sum calculated at the rate of fifteen per cent. per annum on the amount of such tax from the date on which such tax was deductible to the date on which such tax is actually paid.”.

22. Amendment of section 279.—In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter “section 276A”, the words, figures and letter “or section 276B” shall be inserted.

23. Amendment of section 280C.—In section 280C of the Income-tax Act,—

(a) In sub-section (1), for the words “Where any Central Act enacts”, the words, figures and letters “Where, in relation to any assessment year, not being an assessment year commencing on or after the 1st day of April, 1969, any Central Act enacts” shall be substituted;

(b) in clause (ii) of sub-section (2), after the words “or any subsequent assessment year”, the words, figures and letters “not being an assessment year commencing on or after the 1st day of April, 1969” shall be inserted.

24. Amendment of section 280O.—In section 280O of the Income-tax Act, in the proviso to sub-section (1), after the words “or any subsequent assessment year”, the brackets, words, figures and letters “(not being an assessment year commencing on or after the 1st day of April, 1969)” shall be inserted.

25. Amendment of section 280X.—In section 280X of the Income-tax Act, in sub-section (1), after the words “or any subsequent assessment year”, the brackets, words, figures and letters “(not being an assessment year commencing on or after the 1st day of April, 1969)” shall be inserted.

26. Amendment of section 280Z.—In section 280Z of the Income-tax Act, for sub-section (6), the following sub-section shall be substituted, namely:—

“(6) The amount shown on a tax credit certificate granted to an individual or Hindu undivided

family shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of such individual or Hindu undivided family under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds, such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed on the said date, to be refund due to such individual or Hindu undivided family, as the case may be, under that Chapter and the provisions of this Act shall apply accordingly.”.

27. Amendment of section 280ZA.—In section 280ZA of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The amount shown on a tax credit certificate granted to a public company under this section shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of the company under the Indian Income-tax Act, 1922, or this Act existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such company under that Chapter and the provisions of this Act shall apply accordingly.”.

28. Amendment of section 280ZB.—In section 280ZB of the Income-tax Act, in sub-section (2), for the portion beginning with the words “the amount shown on a tax credit certificate” and ending with the words “shall apply accordingly”, the following shall be substituted, namely:—

“The amount shown on a tax credit certificate granted to any company under this section shall, on the certificate being produced before the Income-tax Officer, be adjusted against any liability of the company under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due to such company under that Chapter and the provisions of this Act shall apply accordingly.”.

29. Amendment of section 280ZD.—In section 280ZD of the Income-tax Act, in sub-section (5), for the portion beginning with the words “The amount shown on a tax credit certificate” and ending with the words “shall apply accordingly”, the following shall be substituted, namely:—

“The amount shown on a tax credit certificate granted to any person under this section shall, on the certificate being produced before the Income-tax

Officer, be adjusted against any liability of that person under the Indian Income-tax Act, 1922, or this Act, existing on the date on which the certificate was produced before the Income-tax Officer and where the amount of such certificate exceeds such liability, or where there is no such liability, the excess or the whole of such amount, as the case may be, shall, notwithstanding anything contained in Chapter XIX, be deemed, on the said date, to be refund due such person under that Chapter and the provisions of this Act shall apply accordingly.”

30. Certain additional amendments to the Income-tax Act.—The amendments directed in the Third Schedule shall be made in the Income-tax Act with effect from the 1st day of April, 1969, except the amendments in items 3 and 23 of the said Schedule relating, respectively, to sections 16 and 139 of the said Act, which shall be deemed to have come into effect on the 1st day of April, 1968.

31 Special provisions in regard to certain assessments under the Income-tax Act.—(1) Notwithstanding the omission of section 85 of the Income-tax Act by section 33 of the Finance (No. 2) Act, 1967, the provisions of the said section 85 shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1962, and before the 1st day of April, 1968, effect subject to the modification that for the words “by a shareholder in respect of so much of any dividend paid or deemed to be paid to him”, the words “by an owner of the shares in respect of so much of any dividend paid or deemed to be paid” were substituted.

(2) Notwithstanding the omission of section 85A of the Income-tax Act by section 33 of the Finance (No. 2) Act, 1967, the provisions of the said section 85A shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1965, and before the 1st day of April, 1968, effect subject to the modification that the words “received by it”, wherever they occur, were omitted.

(3) Notwithstanding the omission of section 99 of the Income-tax Act by section 29 of the Finance Act, 1965, the provisions of clause (iv) of sub-section (1) of the said section 99 shall have, and be deemed always to have, in relation to any assessment for the assessment year commencing on or after the 1st day of April, 1962, and before the 1st day of April, 1965, effect subject to the modification that the words “received by it” were omitted.

CHAPTER IV

Other Direct taxes

32. Amendment of Act 27 of 1957.—In the Wealth-tax Act, 1957,—

(a) in section 5,—

(i) in sub-section (1),—

(1) after clause (xiv), the following clause shall be inserted with effect from the 1st day of April, 1969, namely:—

“(xv) fixed deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette, to the extent to which the amounts of such deposits do not exceed the maximum amount permitted to be deposited therein;”;

(2) in clause (xvi), the words “held by the assessee” shall be omitted with effect from the 1st day of April, 1969;

(3) after clause (xvii), the following clause shall be inserted with effect from the 1st day of April, 1969, namely:—

“(xvii-a) the amount standing to the credit of an individual in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;”;

(ii) in sub-section (2), after the words “not specified in”, the words, brackets and figures “clause (xv) or” shall be inserted with effect from the 1st day of April, 1969;

(b) in section 18, in sub-section (1),—

(i) for clause (iii), the following clause shall be substituted, namely:—

“(iii) in the cases referred to in clause (c) in addition to any wealth-tax payable by him, a sum which shall not be less than, but which shall not exceed twice, the amount representing the value of any assets in respect of which the particulars have been concealed or any assets or debts in respect of which inaccurate particulars have been furnished.”;

(ii) for the existing *Explanation*, the following *Explanations* shall be substituted, namely:—

“*Explanation 1.*—Where,—

(i) the value of any asset returned by any person is less than seventy-five per cent. of the value of such asset as determined in an assessment under section 16 or section 17 (the value so assessed being referred to hereafter in this *Explanation* as the correct value of the asset), or

(ii) the value of any debt returned by any person exceeds the value of such debt as determined in an assessment under section 16 or section 17 by more than twenty-five per cent. of the value so assessed (the value so assessed being referred to hereafter in this *Explanation* as the correct value of the debt), or

(iii) the net wealth returned by any person is less than seventy-five per cent. of the

net wealth as assessed under section 16 or section 17 (the net wealth so assessed being referred to hereafter in this *Explanation* as the correct net wealth),

then such person shall, unless he proves that the failure to return the correct value of the asset or, as the case may be, the correct value of the debt or the correct net wealth did not arise from any fraud or any gross or wilful neglect on his part, be deemed to have concealed the particulars of assets or furnished inaccurate particulars of assets or debts for the purposes of clause (c) of this sub-section.

Explanation 2.—For the purposes of clause (iii),—

(a) the amount representing the value of any assets in respect of which the particulars have been concealed or any assets in respect of which inaccurate particulars have been furnished, shall be the value of such assets determined for the purposes of this Act as reduced by the value thereof, if any, declared in the return made under section 14 or section 15;

(b) the amount representing the value of any debts in respect of which inaccurate particulars have been furnished, shall be the amount by which the value of such debts declared in the return made under section 14 or section 15 exceeds the value thereof determined for the purposes of this Act";

(c) in the Schedule, in Paragraph A of Part I, for clauses (a) and (b), the following clauses shall be substituted, with effect from the 1st day of April, 1969, namely:—

“(a) In the case of every individual:—

	Rate of tax
(i) where the net wealth does not exceed Rs. 1,00,000	Nil;
(ii) where the net wealth exceeds Rs. 1,00,000 but does not exceed Rs. 5,00,000	0.5 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000;
(iii) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 2,000 plus 1 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
(iv) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 20,00,000	Rs. 7,000 plus 2.5 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
(v) where the net wealth exceeds Rs. 20,00,000	Rs. 32,000 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000.

(b) In the case of every Hindu undivided family:—

(i) where the net wealth does not exceed Rs. 2,00,000	Nil;
(ii) where the net wealth exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000	0.5 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000;

- (iii) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 Rs. 1,500 plus 1 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
- (iv) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 20,00,000 Rs. 6,500 plus 2.5 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
- (v) where the net wealth exceeds Rs. 20,00,000 Rs. 31,500 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000.”

33. Amendment of Act 7 of 1964.—In the Companies (Profits) Surtax Act, 1964, in the Third Schedule,—

(a) the figure “1”, occurring before the words “On the amount by which” shall be omitted;

(b) for the figures and words “35 per cent”, the figures and words “25 per cent.” shall be substituted with effect from the 1st day of April, 1969.

CHAPTER V

Indirect taxes

34. Amendment of Act 32 of 1934.—The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act) shall be amended in the manner specified in the Fourth Schedule.

35. Special duties of customs.—(1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act, or in that Schedule as amended by a subsequent Central Act, if any, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to 10 per cent. of such amount:

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 36 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, 10 of 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

36. Regulatory duties of customs.—(1) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff Act or in that Schedule as amended by a subsequent Central Act, if any, a regulatory duty of customs not exceeding—

(a) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A, or sub-section (1) of section 4, of the Tariff Act; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

52 of 1962.

whichever is higher:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962.

52 of 1962.

(4) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations.

52 of 1962.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

37. Amendment of Act 1 of 1949. — In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1968", the figures "1969" shall be substituted.

38. Amendment of Act 1 of 1944. — In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), —

(1) in section 37, after sub-section (3), the following sub-section shall be inserted, namely: —

"(4) Notwithstanding anything contained in sub-section (3), and without prejudice to the provisions of section 9, in making rules under this section, the Central Government may provide that if any manufacturer, producer or licensee of a warehouse —

(a) removes any excisable goods in contravention of the provisions of any such rule, or

(b) does not account for all such goods manufactured, produced or stored by him, or

(c) engages in the manufacture, production or storage of such goods without having applied for the licence required under section 6, or

(d) contravenes the provisions of any such rule with intent to evade payment of duty, then —

(i) any land, building, plant machinery, materials, conveyance, animal or any other thing used in connection with the manufacture, production, storage, removal or disposal of such goods, and

(ii) all excisable goods on such land or in such building or produced or manufactured with such plant, machinery, materials or thing,

belonging to such manufacturer, producer or licensee shall be liable to confiscation and the manufacturer, producer or licensee shall be liable to a penalty not exceeding three times the value of the excisable goods in respect of which any contravention of the nature referred to in clause (a), (b), (c) or (d) has been committed, or five thousand rupees, whichever is greater.";

(2) in the First Schedule, —

(a) after Item No. 1, the following Item shall be inserted, namely: —

"1A. CONFECTIONARY Eighty paise
AND CHOCOLATES IN OR per kilo-
IN RELATION TO THE gram." : E.
MANUFACTURE OF WHICH
ANY PROCESS IS ORDINA-
RILY CARRIED ON WITH
THE AID OF POWER, NA-
MELY: —

(1) Biled sweets, toffees, caramels, candies, nuts (including almonds) and fruit kernels coated with sweetening agent, and chewing gums.

(2) Chocolates in the form of slabs, tablets, bars, pastilles or croquettes, whether or not containing nuts, fruit kernels or fruits.

(b) in Item No. 4, under "I. — Unmanufactured tobacco —", —

(i) for the entries in the third column against sub-items (1), (2), (3), (4), (5), (6) and (8), the entries "Three rupees and fifty paise.", "Twenty-seven rupees and fifty paise.", "Two rupees and fifty paise.", "Two rupees and eighty-five paise.", "One rupee and seventy-five paise.", "Two rupees and fifty paise." and "Twenty-five paise." shall, respectively, be substituted;

(ii) the *Explanation* in the second column below sub-item (5) shall be omitted;

(c) in Item No. 9, for the entry in the third column, the entry "One hundred and sixty-eight rupees and twenty-five paise per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(d) in Item No. 10, for the entry in the third column, the entry "Seventy-five rupees and forty-five paise per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(e) in Item No. 22A, for the entries in the third column against sub-items (i) and (ii), the entries "Four hundred and fifty rupees per metric tonne." and "Two hundred and fifty rupees per metric tonne." shall, respectively, be substituted;

(f) after Item No. 22A, the following Items shall be inserted, namely:—

"22B. TEXTILE FABRICS IMPREGNATED OR COATED WITH PREPARATIONS OF CELLULOSE DERIVATIVES OR OF OTHER ARTIFICIAL PLASTIC MATERIALS. Twenty-five per cent. *ad valorem*."

22C. EMBROIDERY, IN THE PIECE, IN STRIPS OR IN MOTIFS, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER. Twenty per cent. *ad valorem*."

(g) in Item No. 29A, for the entries in the third column against sub-items (1), (2) and (3), the entries "Thirty per cent. *ad valorem*," "Thirty per cent. *ad valorem*." and "Forty per cent. *ad valorem*." shall, respectively, be substituted;

(h) after Item No. 33A, the following Item shall be inserted, namely:—

"33AA. PARTS OF WIRELESS RECEIVING SETS (INCLUDING PARTS OF TRANSISTOR SETS AND RADIOGRAMS), NAMELY, ELECTRONIC VALVES AND TUBES, TRANSISTORS AND SEMI-CONDUCTOR DIODES. Five rupees each."

(i) in Item No. 37A, in the entry in the second column for the words "AND PARTS AND ACCESSORIES THEREOF", the words "AND PARTS AND ACCESSORIES THEREOF NOT ELSEWHERE SPECIFIED" shall be substituted;

(j) after Item No. 39, the following Items shall be inserted, namely:—

"40. STEEL FURNITURE MADE PARTLY OR WHOLLY OF STEEL, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER, WHETHER IN ASSEMBLED OR UNASSEMBLED CONDITION. Twenty per cent. *ad valorem*."

LED OR UNASSEMBLED CONDITION.

41. CROWN CORKS WITH OR WITHOUT WASHERS OR OTHER FITTINGS OF CORK, RUBBER, POLYETHYLENE OR ANY OTHER MATERIAL. One paisa each".

39. Special duties of excise on certain goods. — (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises Act (as duties of amended by this Act or any subsequent Central Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected —

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23 except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II(2) and II (3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in Items Nos. 4 II(1), 18, 18A(1), 18B, 20, 29A, 33A, sub-items (2) and (3) of Item No. 34 and radiograms comprised in Item No. 37A of that Schedule, a special duty of excise equal to 33½ per cent. of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of duties of excise on such goods under that Act or those rules.

40. Regulatory duties of excise. — (1) With a view to regulating or bringing greater economy in con-

sumption, there shall be levied and collected, with effect from such date, and at such rate as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Central Act, a regulatory duty of excise which shall not exceed 15 per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1969, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 10 of 1897. shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

41. Amendment of Act 27 of 1958.—In section 3 of the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, in sub-section (1), in the Table,—

(a) for item 1 and the entries relating to it, the following shall be substituted, namely:—

"I. Motor Spirit . . Two hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer";

(b) for items 3, 4 and 5 and the entries relating thereto, the following shall be substituted, namely:—

"3. Refined diesel oils Four hundred rupees per and vaporizing kilolitre at fifteen degrees of Centigrade thermometer.

4. Diesel oil, not One hundred and twenty-nine rupees and forty-five paise per kilolitre otherwise specified. at fifteen degrees of Centigrade thermometer.

5. Furnace oil . . . Fifty-six rupees and sixty paise per kilolitre at fifteen degrees of Centigrade thermometer.";

(c) for item 7 and the entries relating to it, the following shall be substituted, namely:—

"7. All products as Five hundred rupees per described in metric tonne." of item No. 11A of the First Schedule to the Central Excises and Salt Act, 1944.

1 of 1944.

42. Discontinuance of salt duty.—For the year beginning on the 1st day of April, 1968, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

CHAPTER VI

Central Sales Tax Act

43. Amendment of Act 74 of 1956.—In the Central Sales Tax Act, 1956, in section 14, item (xi) shall be omitted.

CHAPTER VII

Miscellaneous

44. Amendment of Act 6 of 1898.—For the First Schedule to the Indian Post Office Act, 1898, the following Schedule shall be substituted, namely:—

"THE FIRST SCHEDULE"

(See section 7)

Inland Postage Rates

Letters

For a weight not exceeding fifteen grams	20 paise
For every fifteen grams, or fraction thereof, exceeding fifteen grams	15 paise

Letter-cards

For a letter-card	15 paise
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Post cards

Single	10 paise
Reply	20 paise

Book, Pattern and Sample packets

For the first fifty grams or fraction thereof	15 paise
For every additional twenty-five grams, or fraction thereof, in excess of fifty grams	10 paise

Registered Newspapers

For a weight not exceeding one hundred grams	5 paise
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For a weight exceeding one hundred grams and not exceeding two hundred and fifty grams 10 paise

For every two hundred and fifty grams, or fraction thereof, exceeding two hundred and fifty grams 5 paise

In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet —

For a weight not exceeding one hundred grams 5 paise

For every additional one hundred and fifty grams, or fraction thereof, in excess of one hundred grams: 5 paise

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the Post Office.

Parcels

For a weight not exceeding four hundred grams 80 paise

For every four hundred grams, or fraction thereof, exceeding four hundred grams 80 paise."

THE FIRST SCHEDULE

(See section 2)

PART I

Income-tax and surcharges on income-tax

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applied, —

Rates of income-tax

- (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income;
- (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
- (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
- (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
- (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 Rs. 6,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;

(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 Rs. 16,000 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;

(9) where the total income exceeds Rs. 70,000 Rs. 28,000 plus 65 per cent. of the amount by which the total income exceeds Rs. 70,000;

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident —

(i) no income-tax shall be payable on a total income not exceeding the following limit, namely :—

(a) Rs. 7,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following two conditions, namely :—

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 4,000 in every other case;

(ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed :—

- (a) Rs. 145 ... in the case of an unmarried individual;
- (b) Rs. 220 ... in the case of a married individual who has no child mainly dependent on him;
- (c) Rs. 240 ... in the case of a married individual who has one child mainly dependent on him;
- (d) Rs. 260 ... in the case of a married individual who has more than one child mainly dependent on him;

(iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed :—

- (a) Rs. 125 ... in the case of an unmarried individual;
- (b) Rs. 200 ... in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener;
- (c) Rs. 220 ... in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family;

(d) Rs. 240 ... in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000, and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grandparents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of —

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

Explanation. — For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year exceeds one thousand rupees.

Surcharges on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) where —

(i) in the case of an individual or a Hindu undivided family, the amount of unearned income, not being income by way of interest on any security of the Central or State Government or income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or

(ii) in any other case, the amount of unearned income included in the total income,

exceeds Rs. 30,000,

a surcharge calculated on the difference between the amount of income-tax computed in respect of the income referred to in sub-clause (i) or, as the case may be, sub-clause (ii), if such income had been the total income and the amount of income-tax computed in

respect of an income of Rs. 30,000 if it had been the total income, at the following rate, namely: —

- | | |
|---|---|
| (1) where the amount of the difference does not exceed Rs. 10,000 | 20 per cent. of the amount of such difference; |
| (2) where the amount of the difference exceeds Rs. 10,000 | Rs. 2,000 plus 25 per cent. of the amount by which the difference aforesaid exceeds Rs. 10,000; |

(b) where —

(i) in the case of an individual or a Hindu undivided family, the earned income and income by way of interest on any security of the Central or State Government and income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or

(ii) in any other case, the earned income included in the total income.

exceeds Rs. 1 lakh,

a surcharge calculated on the amount of the difference between the income-tax computed in respect of the income referred to in sub-clause (i) or, as the case may be, sub-clause (ii), if such income had been the total income and the income-tax computed in respect of a total income of Rs. 1 lakh, at the following rate, namely: —

- | | |
|--|---|
| (1) where the amount of the difference does not exceed Rs. 65,000 | 5 per cent. of the amount of such difference; |
| (2) where the amount of the difference exceeds Rs. 65,000 but does not exceed Rs. 1,30,000 | Rs. 3,250 plus 10 per cent. of the amount by which the difference aforesaid exceeds Rs. 65,000; |
| (3) where the amount of the difference exceeds Rs. 1,30,000 | Rs. 9,750 plus 15 per cent. of the amount by which the difference aforesaid exceeds Rs. 1,30,000; and |

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed in accordance with the preceding provisions of this Paragraph; and

(ii) the aggregate of the amounts of the surcharges calculated in accordance with clause (a) and clause (b) of this sub-paragraph.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 5,000 | 5 per cent. of the total income; |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 | Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000; |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000; |

- (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000;
- (6) where the total income exceeds Rs. 25,000 Rs. 3,750 plus 41 per cent. of the amount by which the total income exceeds Rs. 25,000;

Provided that —

(i) no income-tax shall be payable on a total income not exceeding Rs. 4,000; and

(ii) where the total income is twenty thousand rupees or less, the income-tax payable shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 4,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) where the total income exceeds Rs. 25,000, a surcharge calculated at the rate of $6\frac{1}{4}$ per cent. of the amount of the difference between the income-tax computed at the rate hereinbefore specified and the income-tax computed in respect of a total income of Rs. 25,000; and

(b) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a) of this sub-paragraph.

Paragraph C

In the case of every registered firm, —

Rates of income-tax

- (1) where the total income does not exceed Rs. 25,000 Nil.
- (2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 6 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 1,500 plus 8 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (4) where the total income exceeds Rs. 1,00,000 Rs. 5,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per

cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

Paragraph D

In the case of every authority, —

Rate of income-tax

On the whole of the total income 45 per cent.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(b) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a) of this sub-paragraph.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956.

Rates of income-tax

- (i) on that part of its total income which consists of profits and gains from life insurance business 52.5 per cent.;
- (ii) on the balance, if any, of the total income The rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956.

Rates of income-tax

I. In the case of a domestic company —

(A) (I) where the company is a company in which the public are substantially interested, —

(i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;

(ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested, —

(i) in the case of an industrial company—

(1) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent.;

(2) on the balance, if any, of the total income 60 per cent.;

(ii) in any other case 65 per cent. of the total income; and

(B) in addition, where the company is —

(i) a company in which the public are substantially interested, or

(ii) a company as is referred to in clause (iii) of subsection (2) or clause (a) or clause (b) of subsection (4) of section 104 of the Income-tax Act, or

(iii) such a company as is exempt from the operation of section 104 of the said Act by a notification issued under the provisions of subsection (3) of that section,

on so much of the total income as does not exceed the relevant amount of distributions of dividends by the company 7.5 per cent.;

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of —

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

Explanation 1. — In clause (B), the expression “the relevant amount of distributions of dividends” means the aggregate of the following amounts, namely: —

(a) the amount, if any, by which the “relevant amount of distributions of dividends” by the company as computed in accordance with *Explanation 1* to item I of Paragraph 1 F of Part I of the First Schedule to the Finance (No. 2) Act, 1967 exceeds its total income (reduced by the amount of capital gains, if any, relating to capital assets other than short-term capital assets included therein) assessable for 20 of 1967.

the assessment were commencing on the 1st day of April, 1967; and

(b) so much of the amount of the dividends, other than dividends on preference shares, declared or distributed by the company during the previous year as exceeds ten per cent. of its paid-up equity share capital as on the 1st day of the previous year.

Explanation 2. — For the purposes of clause (B), where a part of the income of a company is not included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on preference shares) shall be deemed to be such proportion thereof as the sum specified in clause (a) bears to the sum specified in clause (b), such sums being —

(a) the average amount of the total income of the company of the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year; and

(b) the average amount of the total profits and gains (excluding capital receipts) of the company of the five previous years referred to in clause (a) reduced by such allowances as may be admissible under the Income-tax Act but which have not been taken into account by the company in its profit and loss accounts for the said five previous years.

Explanation 3. — For the removal of doubts, it is hereby declared that where any dividends were declared by the company before the commencement of the previous year and are distributed by it during that year, the amount of such dividends shall not be included in the amount of dividends referred to in clause (b) of *Explanation 1*.

II. In the case of a company other than a domestic company: —

(i) on so much of the total income as consists of —

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government 50 per cent;

(ii) on the balance, if any of the total income 70 per cent.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduc-

tion shall be made from the income subject to deduction, at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(a) where the person is resident—		
(i) on income by way of interest other than "Interest on securities" ...	10 per cent.	Nil
(ii) on any other income (excluding interest payable on a tax free security) ...	20 per cent.	2 per cent.
(b) where the person is not resident in India—		
(i) on the whole income (excluding interest payable on a tax free security) ...	Income-tax at 30 per cent. and surcharge at 3 per cent. the amount of the income	
	or	
	income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Paragraph A of Part III of this Schedule, if such income had been the total income,	
	whichever is higher;	
(ii) on the income by way of interest payable on a tax free security ...	15 per cent.	1.5 per cent.
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than "Interest on securities" ...	20 per cent.	Nil
(ii) on any other income (excluding interest payable on a tax free security) ...	22 per cent.	Nil
(b) where the company is not a domestic company—		
(i) on the income by way of dividends payable by an Indian company as is referred to in clause (a) (i) of sub-section (1) of section 80M of the Income-tax Act ...	14 per cent.	Nil
(ii) on the income by way of dividends payable by any domestic company other than a company referred to in (i) hereinabove ...	24.5 per cent.	Nil
(iii) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government ...	50 per cent.	Nil

	Income-tax	
	Rate of income-tax	Rate of surcharge
(iv) on the income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government ...	50 per cent.	Nil
(v) on the income by way of interest payable on a tax free security ...	44 per cent.	Nil
(vi) on any other income ...	70 per cent.	Nil

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax, or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of Income-tax

(1) where the total income does not exceed Rs. 5,000	5 per cent. of the total income;
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
(3) where the total income Rs. 10,000 but does not exceed Rs. 15,000	Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 20 per cent. of the amount by which the income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;

- | | |
|---|--|
| (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000. | Rs. 6,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000; |
| (8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 | Rs. 16,000 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (9) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000 | Rs. 28,000 plus 65 per cent. of the amount by which the total income exceeds Rs. 70,000; |
| (10) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,50,000 | Rs. 47,500 plus 70 per cent. of the amount by which the total income exceeds Rs. 1,00,000; |
| (11) where the total income exceeds Rs. 2,50,000 | Rs. 1,52,500 plus 75 per cent. of the amount by which the total income exceeds Rs. 2,50,000; |

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident —

(i) no income-tax shall be payable on a total not exceeding the following limit, namely: —

(a) Rs. 7,000 in the case of every Hindu undivided family which at any time during the previous year relevant to the assessment year commencing on the 1st day of April, 1969 satisfies either of the following two conditions, namely: —

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family.

(b) Rs. 4,000 in every other case;

(ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1969, incurred any expenditure for the maintenance of any one or more of his parents or grandparents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed: —

- | | |
|-----------------|--|
| (a) Rs. 145 ... | in the case of an unmarried individual; |
| (b) Rs. 220 ... | in the case of a married individual who has no child mainly dependent on him; |
| (c) Rs. 240 ... | in the case of a married individual who has one child mainly dependent on him; |
| (d) Rs. 260 ... | in the case of a married individual who has more than one child mainly dependent on him, |

so however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year relevant

to the assessment year commencing on the 1st day of April, 1969, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the amounts of Rs. 145, Rs. 165, and Rs. 185 had, respectively, been substituted;

(iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed: —

- | | |
|-----------------|---|
| (a) Rs. 125 ... | in the case of an unmarried individual; |
| (b) Rs. 200 ... | in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener; |
| (c) Rs. 220 ... | in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family; |
| (d) Rs. 240 ... | in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family, |

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1969, this clause shall have effect as if for the amounts of Rs. 200, Rs. 220 and Rs. 240, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1969, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of —

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

Explanation. — For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso,

a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1969 exceeds one thousand rupees.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 5,000 | 5 per cent. of the total income; |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 | Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000; |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000; |
| (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000; |
| (6) where the total income exceeds Rs. 25,000 | Rs. 3,750 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |

Provided that —

(i) no income-tax shall be payable on a total income not exceeding Rs. 4,000; and

(ii) where the total income is Rs. 20,000 or less, the income-tax payable shall not exceed 40 per cent. of the amount by which the total income exceeds Rs. 4,000.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

In the case of every registered firm, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 25,000 | Nil; |
| (2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | 6 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 1,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000; |

- (4) where the total income exceeds Rs. 1,00,000 Rs. 7,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

Paragraph D

In the case of every local authority, —

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, —

31 of 1956.

Rates of income-tax

- | | |
|---|--|
| (i) on that part of its total income which consists of profits and gains from life insurance business | 52.5 per cent.; |
| (ii) on the balance, if any, of the total income | the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested. |

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, —

31 of 1956.

Rates of income-tax

I. In the case of a domestic company —

- (1) where the company is a company in which the public are substantially interested, —
- (i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;
- (ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;
- (2) where the company is not a company in which the public are substantially interested, —
- (i) in the case of an industrial company —
- (a) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent.;
- (b) on the balance, if any, of the total income 60 per cent.;
- (ii) in any other case 65 per cent. of the total income;

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of —

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

11. In the case of a company other than a domestic company —

(i) on so much of the total income as consists of —

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government ... 50 per cent.;

(ii) on the balance, if any, of the total income ... 70 per cent.

THE SECOND SCHEDULE

(See section 3)

Rates of annuity deposit for the assessment year 1968-69

- (i) In the case of any depositor whose total income does not exceed Rs. 15,000 Nil.
- (ii) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 6 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000.

- (iii) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000 9 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at six per cent. on so much of the adjusted total income as does not exceed Rs. 20,000;

(b) one-half of the amount by which the total income exceeds Rs. 20,000.

- (iv) In the case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000 12 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at nine per cent. on so much of the adjusted total income as does not exceed Rs. 40,000;

(b) one-half of the amount by which the total income exceeds Rs. 40,000.

- (v) In the case of a depositor whose total income exceeds Rs. 70,000 15 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at twelve per cent. on so much of the adjusted total income as does not exceed Rs. 70,000;

(b) one-half of the amount by which the total income exceeds Rs. 70,000.

Explanation. — In this Schedule, "total income" means total income computed in the manner laid down in the Income-tax Act without making any allowance under section 2800 of that Act.

THE THIRD SCHEDULE

(See section 30)

Amendments in the Income-tax Act

1. Section 2. — In clause (42A), for "twelve months", at both places, substitute "twenty-four months".

2. Section 10. —

(a) in clause (4A), for "non-resident account", substitute "Non-resident (External) Account";

(b) in clause (11), insert at the end "or from any other provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette";

(c) in clause (15), after sub-clause (ii), insert —

"(ii-a) interest on fixed deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette, to the extent to which the amounts of such deposits do not exceed, in each case, the maximum amount which is permitted to be deposited therein;"

3. Section 16. — For clause (iv), substitute —

"(iv) where the assessee is not in receipt of a conveyance allowance, whether as such or as part of his salary, and owns a conveyance which is used for the purposes of his employment, a sum representing the expenditure incurred by him in its maintenance and as representing its normal wear and tear, culculated in respect of each calendar month or part thereof for which the conveyance has been so used during the previous year, on the basis provided hereunder: —

(1) where the conveyance is a motor car and the amount of the salary due to the assessee in respect of the previous year —

(a) does not exceed Rs. 15,000 Rs. 150;

(b) exceeds Rs. 15,000 but does not exceed Rs. 25,000 ... Rs. 200;

(c) exceeds Rs. 25,000 ... Rs. 250;

(2) where the conveyance is a motor cycle, scooter or other moped ... Rs. 50;

(3) where the conveyance is a bicycle Rs. 5;

(4) where it is a conveyance other than a conveyance referred to in sub-clauses (1) to (3) ... such amount as the Income-tax Officer may deem fit;"

4. Section 23. — In sub-section (1), for the first proviso and the *Explanation*, substitute —

"Provided that where the property is in the occupation of a tenant, the taxes levied by any local authority in respect of the property shall, to the extent such taxes are borne by the owner, be deducted in determining the annual value of the property:"

5. Section 24. — In sub-section (1), —

(a) omit clause (iii);

(b) in clause (iv), for "not being a capital charge", substitute "(not being a charge created by the assessee voluntarily or a capital charge)";

(c) in clause (vii), after "land revenue", insert "or any other tax levied by the State Government".

6. Section 40. —

(a) in clause (a), after sub-clause (iv), insert —

'(v) any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite, whether convertible into

money or not, to an employee (including any sum paid by the assessee in respect of any obligation which but for such payment would have been payable by such employee) or any expenditure or allowance in respect of any assets of the assessee used by such employee either wholly or partly for his own purpose or benefit, to the extent such expenditure or allowance exceeds one-fifth of the amount of salary payable to the employee, or an amount calculated at the rate of one thousand rupees for each month or part thereof comprised in the period of his employment during the previous year, whichever is less:

Provided that in computing the aforesaid expenditure or allowance, the following shall not be taken into account, namely: —

(a) any payment by way of gratuity;

(b) the value of any travel concession or assistance referred to in clause (5) of section 10;

(c) passage moneys or the value of any free or concessional passage referred to in sub-clause (i) of clause (6) of section 10;

(d) any payment of tax referred to in sub-clause (vii) of clause (6) of section 10;

(e) any sum referred to in sub-clause (vii) of clause (1) of section 17;

(f) any sum referred to in sub-clause (v) of clause (2) of section 17;

(g) the amount of any compensation referred to in sub-clause (i) or any payment referred to in sub-clause (ii) of clause (3) of section 17;

(h) any payment referred to in clause (iv) or clause (v) of sub-section (1) of section 36; and

(i) any expenditure referred to in clause (ix) of sub-section (1) of section 36:

Provided further that nothing in this sub-clause shall apply to any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite to an employee whose income chargeable under the head "Salaries" is seven thousand five hundred rupees or less.

Explanation 1. — The provisions of this sub-clause shall apply notwithstanding that any amount not to be allowed under this sub-clause is included in the total income of the employee.

Explanation 2. — In this sub-clause, the word "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule.;

(b) in clause (c), —

(i) omit sub-clause (iii);

(ii) in *Explanation 1*, omit "1" and "or in sub-clause (iii)";

(iii) omit *Explanation 2*.

7. Section 43. — In clause (4), for sub-clause (i), substitute —

'(i) "scientific research" means any activities for the extension of knowledge in the fields of

natural or applied science including agriculture, animal husbandry or fisheries;’.

8. *Section 58.*—In sub-section (1),—

(a) in clause (a), after sub-clause (iii), insert—

“(iv) any expenditure or allowance of the nature referred to in sub-clause (v) of clause (a) of section 40, notwithstanding that the amount thereof is included in the total income of any employee referred to therein;”;

(b) in clause (b), omit “or in sub-clause (iii)”.

9. *Section 67.*—In sub-section (1), in clause (a), after “in respect of the previous year”, insert, “and, where the firm is a registered firm, the income-tax, if any, payable by it in respect of the total income of the previous year,”.

10. *Section 80A.*—In sub-section (1), for “80T”, substitute “80U”.

11. *Section 80B.*—

(a) omit clause (3);

(b) in clause (7), for “the Fifth Schedule”, substitute “the Sixth Schedule”.

12. *Section 80C.*—

(a) in sub-section (2), after sub-clause (iii) of clause (a), insert—

“(iv) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;”;

(b) omit sub-section (5).

13. *Section 80D.*—Omit sub-section (3).

14. *Section 80E.*—

(a) in sub-section (1), omit the second proviso:

(b) in sub-section (6), for clause (i), substitute—

“(i) whose gross total income includes income which is chargeable under the head “Interest on securities”, or “Income from house property”, or “Capital gains”, or any income chargeable under the head “Income from other sources” in so far as it is not immediately derived from personal exertion of the individual, and the aggregate amount of all such income is more than ten thousand rupees; or”;

(c) for sub-section (7), substitute—

(7) The amount of deduction under this section shall not in any case exceed the amount of the income computed under the head “Profits and gains of business or profession” included in the gross total income;’;

(d) omit sub-section (8).

15. *Section 80F.*—Omit sub-section (3).

16. *Section 80G.*—Omit sub-section (6).

17. *Section 80L.*—For sub-section (1), substitute—

“(1) Where the gross total income of an assessee includes any income by way of dividends from an Indian company or Indian companies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction as specified hereunder, namely:—

(i) in a case where the amount of such dividends does not exceed five hundred rupees, the whole of such amount;

(ii) in any other case, five hundred rupees.”.

18. *Section 80N.*—For “there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof”, substitute “there shall be allowed a deduction of the whole of such income”.

19. *Section 80O.*—For “there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof”, substitute “there shall be allowed a deduction of the whole of such income”.

20. After section 80T, insert in Chapter VIA—

“D. Other deductions

80U. Deduction in the case of blind persons.—In computing the total income of an individual, being a resident, who is totally blind as at the end of the previous year, there shall be allowed a deduction of a sum of two thousand rupees:

Provided that such individual produces before the Income-tax Officer, in respect of the first assessment year for which deduction is claimed under this section, a certificate as to his total blindness from a registered medical practitioner, being an oculist.”.

21. *Section 86.*—Omit clause (iv).

22. *Section 109.*—For clause (ii) and the *Explanation* thereto substitute—

“(ii) “investment company” means a company whose gross total income consists mainly of income which is chargeable under the heads “Interest on securities”, “Income from house property”, “Capital gains” and “Income from other sources”;

23. *Section 139.*—For sub-section (4), substitute—

“(4) (a) Any person who has not furnished a return within the time allowed to him under sub-section (1) or sub-section (2) may before the assessment is made, furnish the return for any previous year at any time before the end of the period specified in clause (b), and the provisions of clause (iii) of the proviso to sub-section (1) shall apply in every such case.

(b) The period referred to in clause (a) shall be—

(i) where the return relates to a previous year relevant to any assessment year commencing on or before the 1st day of April, 1967, four years from the end of such assessment year;

(ii) where the return relates to a previous year relevant to the assessment year commencing on

the 1st day of April, 1968, three years from the end of the assessment year;

(iii) where the return relates to a previous year relevant to any other assessment year, two years from the end of such assessment year."

24. Section 288A. —

(a) in sub-section (1), for "(1) Subject to the provisions of sub-section (2), the amount of total income", substitute "The amount of total income";

(b) omit sub-section (2);

(c) omit the *Explanation*.

25. In the Fifth Schedule, —

(a) for "[See sections 33(1) (b) (B) (i) and 80B(7)]", substitute "[See section 33(1) (b) (B) (i)]";

(b) after item (27), insert —

"(28) Processed seeds.

(29) Processed concentrates for cattle and poultry feed.

(30) Processed (including frozen) fish and fish products.

(31) Vegetable oils and oil-cakes manufactured by the solvent extraction process from seeds other than cotton seed."

26. After the Fifth Schedule, insert —

THE SIXTH SCHEDULE

[See sections 80B(7), 80I and 80M]

List of articles and things

- (1) Iron and steel (metal), ferro-alloys and special steels.
- (2) Aluminium, copper, lead and zinc (metals).
- (3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, limestone, magnesite and mineral oil.
- (4) Industrial machinery specified under the heading "8. Industrial machinery", sub-heading "A. Major items of specialised equipment used in specific industries", of the First Schedule to the Industries (Development and Regulation) Act, 1951. 65 of 1951
- (5) Boilers and steam generating plants, steam engines and turbines and internal combustion engines.
- (6) Flame and drip proof motors.
- (7) Equipment for the generation and transmission of electricity including transformers, cables and transmission towers.

- (8) Machine tools and precision tools (including their attachments and accessories, cutting tools and small tools), dies and jigs.
- (9) Tractors, earth-moving machinery and agricultural implements.
- (10) Motor trucks and buses.
- (11) Steel castings and forgings and malleable iron and steel castings.
- (12) Cement and refractories.
- (13) Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate, calcium ammonium nitrate (nitrolime stone), ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as ammonium phosphates, ammonium sulphate phosphate and ammonium nitro phosphate.
- (14) Soda ash.
- (15) Pesticides.
- (16) Paper and pulp including newsprint.
- (17) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equipment, electronic control instruments and basic components, such as valves, transistors, resistors, condensers, coils, magnetic materials and micro wave components.
- (18) Petrochemicals including corresponding products manufactured from other basic raw materials like calcium carbide, ethyl alcohol or of hydrocarbons from other sources.
- (19) Ships.
- (20) Automobile ancillaries.
- (21) Seamless tubes.
- (22) Gears.
- (23) Ball, roller and tapered bearings.
- (24) Component parts of the articles mentioned in items Nos. (4), (5), (7) and (9), that is to say, such parts as are essential for the working of the machinery referred to in the items aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose and are in complete finished form and ready for fitment.
- (25) Cotton seed oil.
- (26) Tea.
- (27) Printing machinery.
- (28) Processed seeds.

THE FOURTH SCHEDULE

(See section 34)

Part I

In the First Schedule to the Tariff Act, in Item No. 22(4) (a), for the entry in the fourth column, the entry "Rs. 45 per litre or 170 per cent. *ad valorem*, whichever is higher", shall be substituted.

Part II

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	2	3	4	5	6	7
In the First Schedule to the Tariff Act, for Item No. 9(3), the following Item shall be substituted, namely:—						
9(3)	The following spices, whether ground or unground, namely:— cardamoms, cassia, cinnamon, cloves, nutmegs and pepper					
	(a) Cloves	Preferential Revenue.	Rs. 18 per kilogram	...	Rs. 18 per kilogram less 7½ per cent. <i>ad valorem</i>
	(b) Cassia and cinnamon.	Preferential Revenue.	Rs. 20 per kilogram.	...	Rs. 20 per kilogram. less 7½ per cent. <i>ad valorem</i>	...
	(c) Others	Preferential Revenue.	100 per cent. <i>ad valorem</i>	...	92½ per cent. <i>ad valorem</i>	..."